

Message Text

UNCLASSIFIED

PAGE 01 SAN JO 03264 011810Z

10

ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /105 W

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R 011736Z AUG 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 1045

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

UNCLAS SAN JOSE 3264

E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: EXPORT RESTRICTIONS

REF: (A) STATE 146681 (B) SAN JOSE 0904

(C) SAN JOSE 4917 (D) SAN JOSE 1822

1. COSTA RICA REGULATES AND TO SOME EXTENT RESTRICTS
EXPORTS OF THE FOLLOWING COMMODITIES:

(A) BEEF. THE AMOUNT OF BEEF WHICH CAN BE EXPORTED
FROM COSTA RICA IS SUBJECT TO A QUOTA. THESE RESTRIC-
TIONS HAVE BEEN IN EFFECT FOR AT LEAST THE PAST FIVE
YEARS. THE QUOTA IS IMPLEMENTED BY TELLING FARMERS
THE NUMBER OF ANIMALS WHICH THEY CAN SLAUGHTER FOR
EXPORT. THIS QUOTA IS DESIGNED TO INSURE A SUFFICIENT
SUPPLY OF BEEF FOR DOMESTIC CONSUMPTION.

(B) SUGAR. ALL SUGAR IS EXPORTED BY A QUASI-GOVERNMENTAL
MARKETING BOARD. AS IN THE CASE OF BEEF, EXPORTS

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 SAN JO 03264 011810Z

ARE REGULATED IN ORDER TO ENSURE SUFFICIENT DOMESTIC

SUPPLY AND THESE RESTRICTIONS HAVE BEEN IN EFFECT FOR SEVERAL YEARS.

(C) RICE. ALL EXPORTS OF RICE ARE MADE THROUGH THE STATE-OWNED NATIONAL PRODUCTION COUNCIL. ONCE AGAIN THIS IS A LONG-STANDING PRACTICE AIMED AT PROTECTING DOMESTIC SUPPLY.

(D) COFFEE. COSTA RICA SUBSCRIBES TO A COFFEE EXPORTERS' RETENTION AGREEMENT. SEVERAL OF THE DOMESTIC EXPORTERS' ASSOCIATIONS ARE OPPOSED TO RETENTION, HOWEVER, AND TO DATE IT HAS NOT BEEN SIGNIFICANT. THIS COULD CHANGE IN THE FUTURE AS VENEZUELAN FUNDS ARE USED TO FINANCE SUCH A SCHEME.

2. WHEN THE OFFICIAL AND FREE MARKET RATES FOR THE COSTA RICAN COLON WERE UNIFIED IN APRIL, 1974 ALL EXPORTS, EXCEPT FOR BANANAS WHICH ARE SUBJECT TO A SEPARATE LEVY, WERE TAXED. THIS WAS DONE TO TRANSFER TO THE STATE WHAT WOULD HAVE BEEN CONSIDERED TO BE WINDFALL PROFITS ACCRUING FROM DE FACTO DEVALUATION. THESE EXPORT TAXES WERE LOWERED SUBSTANTIALLY IN JANUARY, 1975 (SEE REFTEL C FOR CURRENT RATES). IN ADDITION TO THE EXPORT TAX PLACED ON SUGAR, AN ADDITIONAL TAX OF 7.5 PERCENT HAS BEEN LEVIED ON THIS PRODUCT SINCE 1961. THE BASIC EXPORT TAX ON COFFEE WAS RECENTLY LOWERED TO 1 PERCENT.

3. BANANA EXPORTS HAVE BEEN SUBJECT TO SOME SORT OF TAXATION SINCE 1938. NOMINAL RATES ROSE DRAMATICALLY, HOWEVER, WITH THE CREATION OF THE UNION OF BANANA EXPORTING COUNTRIES IN 1974. AS OF MAY 3, 1975 BANANA EXPORTS ARE BEING TAXED AT A RATE OF 45 CENTS PER BOX (SEE REFTEL D). WITH THE POSSIBLE EXCEPTION OF BANANAS, EXPORT TAXES DO NOT APPEAR TO HAVE DISTORTED COSTA RICAN TRADE.

4. COSTA RICA HAS FROM TIME TO TIME PROHIBITED THE EXPORT OF CERTAIN PRODUCTS FOR AN INDEFINITE PERIOD OF TIME IN ORDER TO AVOID DOMESTIC SCARCITIES.
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PAGE 03 SAN JO 03264 011810Z

IN RECENT YEARS, I.E. SINCE 1973, EXPORT OF THE FOLLOWING PRODUCTS HAS BEEN PROHIBITED: SCRAP IRON, COCONUTS, ANIMAL HIDES, CARTON PAPER (EXCEPT FOR KRAFT PAPER), CERTAIN ANIMAL FEEDS OR FEED SUPPLEMENTS, FLOUR, PORK, FERTILIZERS AND AGRICULTURAL CHEMICALS, VEGETABLE AND ANIMAL OILS AND VEGETABLE FIBERS. IT ALSO PROHIBITS ACROSS THE BOARD THE EXPORT OF ARTIFACTS OF ARCHEOLOGICAL VALUE AND

CERTAIN VERY FINE WOODS. IT SUBJECTS TO PERMIT
EXPORTS OF CUT LOGS OF OTHER TYPES OF WOOD AND
FOREST PLANTS AND ANIMALS.
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